

Himachal Pradesh has Effectively Balanced Economic Growth with Social Inclusion, says New World Bank Report

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Government of Himachal Pradesh-World Bank Joint Press Release
Over the years Himachal Pradesh has made great strides in reducing extreme poverty and has emerged as one of the states with the best human development outcomes in India, says a new World Bank report. The report - Scaling the Heights: Social Inclusion and Sustainable Development in Himachal Pradesh - is a macro-social account of the states achievements over the past several decades and an attempt to understand the factors that allowed Himachal Pradesh to move toward social inclusion and sustainable development. Given the states success in the past decades, the report is optimistic about its future. "The chances that the future will be a reflection of the past are high," it says.
The World Bank Report released today, highlights how Himachal Pradesh has effectively balanced economic growth with good human development outcomes and has successfully reduced poverty among different groups in the state. However, it has also captured issues of concern for the state such as the decline in the female child sex ratio, under nutrition in children and an ageing population. Moving forward, the analysis contained here will help us strike a balance between the aspirations of our citizens, who have high expectations from their government, and the states new path of high growth, said Hon. Dr. (Col) Dhani Ram Shandil, Minister for Social Justice, Empowerment & Sainik Welfare, Himachal Pradesh.
One of the main achievements of Himachal Pradesh was its success in raising people out of poverty. Between 1993-94 and 2011, there was a fourfold drop in poverty in the state. Rural poverty, where 90 percent of its population lives, declined from 36.8 percent to 8.5 percent. The overall poverty decline benefitted all social groups across rural and urban areas. Educational attainment in Himachal Pradesh is among the best in the country; poverty headcount is nearly one-third of the national average; life expectancy is 3.4 years longer than an average Indian expects to live; and, per capita income is the second highest in India. Inter-group disparities are also low in a state where traditionally disadvantaged groups such as the Scheduled Castes (SCs) and Scheduled Tribes (STs) make up a considerable 30 percent of the population. Further, Himachal Pradesh is ahead of many other Indian states in demonstrating a sense of environmental consciousness; says the report.
Himachal Pradesh stands apart from many states in India with its strong track record of poverty reduction, service delivery, and human and social development outcomes," said Maitreyi Das, Lead Social Development Specialist, World Bank and an author of the report. "While future economic growth is expected to result in significant economic gains, it can also entail potential costs as the state will have to deal with new challenges. The state government is conscious of this and is putting mechanisms in place to adapt to a new development context," she added.
The labor market in Himachal Pradesh has been another arena for inclusive outcomes, when compared to elsewhere in India. Mens employment rates are similar to the rest of the country, but the bigger success story is in womens employment. In 2011-12, about 63 percent of rural women in the state reported themselves as being employed. This places Himachal Pradesh second in female labor force participation in the country, after Sikkim, and significantly above the all-India average of 27 percent. However, female labor force participation in urban areas was much lower, at 28 percent in 2011, but nonetheless much higher than other north Indian states and on par with states like Kerala and Tamil Nadu.
The report identifies two factors as having driven the states inclusive labor market outcomes. First, almost half of urban men and one-fifth of urban women of working age, in Himachal Pradesh had regular salaried jobs in 2011. Further, among those who were employed in 2011, almost one-third held public sector jobs. In contrast, only 10 percent of all employed Indians work in the public sector. The second reason for Himachal Pradeshs high employment rates is that agriculture is still the mainstay of its largely rural economy, and predominantly agricultural economies tend to have higher labor force participation rates.
Himachal Pradesh also outperforms its neighbors and other Indian states on many human development indicators. Not only does it have the lowest share of individuals who received no education among northern states, but it has made significant progress in improving educational attainment, particularly among excluded groups. More members of the SCs and STs have completed secondary or higher levels of schooling, both in rural and urban areas, compared to other states, including southern states like Karnataka and Tamil Nadu. Himachal Pradesh has also done remarkably well in the area of sanitation and is the first state in northern India that is close to being "open defecation free".
The Possible Drivers of Social Inclusion in Himachal Pradesh
The report suggests that while Himachal Pradeshs "special category" status allowed for fiscal space to spend on the social sectors, the foundation for progress was laid by land reforms that were first introduced in the 1950s and deepened later in the 1970s. These reforms have meant that almost 80 percent of rural households in the state possess some land. Crucially, distribution of land across social groups is more equal in Himachal Pradesh compared to the rest of India. For instance, SCs who are historically overrepresented among the landless across India tend to own land in Himachal Pradesh, with the differential between them and other groups, in terms of average landholding size, converging over time.
Scaling the Heights also highlights the role played by a committed state and bureaucracy, which has consistently innovated to ensure social inclusion and sustainable development (including interventions towards environmental sustainability); the unique historical and cultural context which created a milieu of high local accountability; and positive norms around gender which enabled strong participation of women in development programs.
Looking Ahead
Himachal Pradesh is on a path of high growth that will likely be driven by sectors such as energy, watersheds, tourism and industrial development. Among the states concerns are its adverse child sex ratio and high level of child malnutrition. About one-third of children under age five in the state were underweight in 2011, almost similar to levels recorded by the National Family Health Survey in 2005-06.
The state is also likely to face new challenges in areas where progress has been made. For instance, while the work of primary education seems nearly done, quality of education and ensuring that large, educated youth cohorts have adequate skills for jobs will be a key policy issue. Even as the present youth bulge is of policy concern, a rising median age in the state suggests that very soon, Himachal Pradesh will have a high share of the elderly. When combined with increasing urbanization, larger cohorts of older people may imply a change in living arrangements with implications for the care of the elderly.
Similarly, although improvements in infrastructure have played an important role in improving human development outcomes in rural areas, many of these outcomes currently appear better in rural areas. As urbanization levels increase, the state may have to ensure that urban residents are able to access key services and partake in opportunities that cities and towns offer, the report says.
Finally, fieldwork undertaken for the report suggests that although peoples attitudes toward economic development are positive, their support for the current growth trajectory is conditional on the extent to which the states social and environmental heritage will be protected. The state has put in place policies such as a system of benefit sharing in hydropower projects to address such concerns, but their success will depend on the transparency with which these policies are implemented, the report concludes.
Media Contacts
In New Delhi
Nandita Roy
Tel : +91-11-41479220
nrroy@worldbank.org
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Pressekontakt

The World Bank

DC 20433 Washington

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